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INFO RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE PRIORITY  
RUEHBR/AMEMBASSY BRASILIA PRIORITY 0172  
RUEHMD/AMEMBASSY MADRID PRIORITY 0493  
RUMIAAA/CDR USSOUTHCOM MIAMI FL PRIORITY  
RUMIAAA/CDR USSOUTHCOM MIAMI FL//CINC/POLAD// PRIORITY  
RUEAHND/CDRJTFB SOTO CANO HO PRIORITY  
RUEAIIA/CIA WASHDC PRIORITY  
RUEHC/DEPT OF LABOR WASHDC PRIORITY  
RHEFDIA/DIA WASHINGTON DC PRIORITY  
RHMFISS/DIRJIATF SOUTH PRIORITY  
RUMIAAA/HQ USSOUTHCOM J5 MIAMI FL PRIORITY  
RUEKJCS/JOINT STAFF WASHDC PRIORITY  
RHEHNSC/NSC WASHDC PRIORITY

C O N F I D E N T I A L TEGUCIGALPA 000216

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MADRID FOR H. LLORENS, BRASILIA FOR S. HENSHAW

E.O. 12958: DECL: 03/05/2018  
TAGS: [ELAB](#) [ECON](#) [PGOV](#) [SOCI](#) [HO](#)  
SUBJECT: LABOR PAINS BEGIN FOR THE NEW HEALTH MINISTER:  
THIS WEEK'S SCUFFLE WITH HOSPITAL WORKERS POSSIBLY THE  
FIRST VOLLEY IN A MUCH LARGER BATTLE

Classified By: Ambassador Charles Ford, reasons 1.4(b & d)

¶1. (C) Summary: The February 29 decision to privatize a cleaning contract at a public hospital in Tegucigalpa triggered a series of gradually strengthening protests by the 7800-member hospital workers union, SITRAMEDHYS. Nationwide protests ended March 6 after late night negotiations led to a temporary cease-fire between the Health Ministry and the union. Nevertheless, the Ministry and public health workers may clash again as the Ministry appears intent on reform while the union fears the reforms will mean an end to lifetime contracts. End Summary.

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A GROWING IMPASSE  
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¶2. (U) Background: On February 29 the GOH announced a cleaning contract at a local public hospital was awarded to a private company. Reports indicate the contract changes would save anywhere from 200,000 to 1.2 million lempiras (approximately \$10,000-60,000), money that could be used to keep small clinics in outer parts of the country open. In addition to being part of the GOH's overall plan to reform and decentralize the public health system, Health Minister Elsa Palou noted the performance-based contract was a requirement of doing business with funds received from international organizations, such as the Inter-American Development Bank.

¶3. (U) After several successful pilot projects around the country, the Health Minister is on record as being strongly in favor of widespread public health reform, as are local leaders in the pilot program areas. The reforms would decentralize the public health system, giving more control over contracting and performance evaluation to municipalities. They also tie funding and job contracts to output and performance. The stated goal of the reforms is not to pass along costs to Honduran patients, but to improve services by making the system more efficient.

14. (U) The hospital workers' union, SITRAMEDHYS, began demonstrating against the privatization of the cleaning contract on March 1, claiming the move was just the first toward the total privatization of healthcare, with a concomitant loss of jobs and increase in costs to the patients. The first demonstrations were confined to the hospital at issue, Torax, but soon began spreading around the country as the union mobilized. Nationwide strikes were scheduled for March 6. Union leadership was refusing to meet with Ministry officials, saying they were being insulted. Minister Palou went on record noting her legal authority to

fire any public health employee not meeting their obligations. There were concerns emergency and critical patients would not be treated.

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BUT IT WAS OVER AS SOON AS IT STARTED  
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15. (C) While conditions appeared ripe for an impasse, Post received information March 6 that the parties reached agreement during discussions earlier the same morning. The parties appear to have agreed the union will not dispute the present contract. In exchange, the GOH will reinstate the employees and give the union advance notice of what it will seek in future contracts, in order to provide the union with an opportunity to offer comparison information. (Comment: While news reports suggested the impasse was resolved because the employees were reinstated, Post information is that the employees were never actually fired, just given notice a private contractor would handle their contract. Employees not hired by the private contractor most likely would have been absorbed into other public positions.)

16. (C) Comment: While the current crisis has abated, there

was more at play this week than these few jobs. The reforms the Health Ministry seeks may ultimately end the "plazas" contract system, whereby public health workers essentially receive lifetime contracts and paychecks, with little or no accountability. Many public employees expect greater accountability and local oversight to change the way they do business--at a minimum, local oversight will make it harder for public employees to show up for work only on payday, as many reportedly do now. Thus, post expects future reform efforts to be met with ever-greater levels of resistance. Indeed, the news on March 7 was that branches of Sitramedhys and the nurses union outside the capital were not pleased with the results of the instant negotiations.

17. (C) Comment, continued: This incident is clearly a win for Health Minister Palou, as the government's quid pro quo can hardly be called concessions. After years of talking about public health reform, the GOH's appointment of Palou in January indicated the administration is serious about pushing the reforms that have been so successful in the pilot projects. Minister Palou appears up to the task, she is motivated and appears politically savvy as well--rumor has it that she convinced the doctors and nurses to stay out of this strike at the outset, a move that surely played a part in this win. The question now is whether she gained enough credibility with the administration, unions, and public to keep pushing through a noteworthy reform agenda.  
FORD